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SUBJECT: Discussions of Agreements for the Dalat Reactor  
Conversion and Russian Origin Fuel Return

REF: A) 05 HANOI 3278; B) 05 STATE 29473; C) 05 HANOI 3245;  
D) STATE 26081

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¶1. (SBU) Summary: On March 13-15, 2006, a DOE-DOS team met with Vice Minister of Science and Technology Tran Quoc Thang and other Government of Vietnam (GVN) officials in Hanoi to discuss the Vietnam's participation in the Russian Research Reactor Fuel Return (RRRFR) Initiative. The USG delegation reiterated its offer to: a) provide technical assistance to license the Dalat research reactor as a low enriched uranium (LEU) reactor; b) supply an amount of replacement LEU fuel in an amount equivalent to the 36 fresh highly enriched uranium (HEU) fuel assemblies currently located at the reactor site; and c) assist the GVN to repatriate the Russian-origin spent fuel to the Russian Federation at no cost to Vietnam. The two sides agreed that negotiations of the draft Government-to-Government Agreement (GTGA) and draft Implementing Agreement (IA) should proceed in parallel to the conversion program work and that the USG will re-transmit the text of the GTGA and IA officially to the Ministry of Foreign Affairs. There is some time pressure with regards to completing the fuel conversion in the reactor by September 2006. End Summary.

¶2. (SBU) On March 13-15, 2006, a USG team comprised of representatives from the Office of Global Nuclear Material Threat Reduction (GNMTR), Department of Energy (DOE) and the Bureau of International Security and Nonproliferation, Office of Nuclear Energy, Safety, and Security (NESS), Department of State (DOS) met with the Vice Minister of Science and Technology Tran Quoc Thang and other GVN officials in Hanoi to discuss Vietnam's participation in the Trilateral U.S.-Russian Federation-International Atomic Energy Agency (IAEA) Russian Research Reactor Fuel Return (RRRFR) Initiative (reftels).

¶3. (SBU) The USG delegation was led by Ms. Kasia Mendelsohn, GNMTR Director of the Office of Global Nuclear Material Threat Reduction, and included three additional DOE officials, a NESS representative and ESTHOff. The GVN delegation was led by Vice Minister Thang and included GVN officials from the Office of the Government's Department of Science and Education, Ministry of Foreign Affairs (MFA), Ministry of Science and Technology (MOST), Vietnam Atomic Energy Commission (VAEC), Vietnam Agency for Radiation and Nuclear Safety and Control, and the Dalat Nuclear Research Institute (DNRI).

¶4. (SBU) The USG delegation reiterated the U.S. offer to the GVN to: a) provide technical assistance to license the

Dalat research reactor as a low enriched uranium (LEU) reactor; b) supply an amount of replacement LEU fuel in an amount equivalent to the 36 fresh highly enriched uranium (HEU) fuel assemblies currently located at the reactor site; and c) assist the GVN with the repatriation of Russian-origin spent fuel to the Russian Federation at no cost to Vietnam. The USG offer is contingent upon agreement on the part of the GVN to the return of the existing inventory of fresh Russian-origin HEU fuel to Russia, also at no cost to Vietnam, upon delivery of total amount of replacement LEU fuel and loading of the first eight LEU assemblies.

15. (SBU) Vice Minister Thang informed the USG delegation that MOST fully supports Vietnam's participation in the RRRFR program and instructed VAEC to draft a proposal to Prime Minister Phan Van Khai recommending that the Office of the Government accept the USG offer and instruct MOST to begin work on the conversion program. It is expected that the Prime Minister will approve the conversion program.

16. (SBU) The two sides discussed the mechanism for cooperation under the RRRFR program. The USG delegation explained that provision of replacement LEU fuel and repatriation of fresh HEU fuel could be completed through two standard contracts. The supply of replacement LEU fuel can be achieved through a three-party fuel fabrication contract among TVEL (the Russian fuel fabricator), VAEC and DOE. The removal of the fresh HEU fuel can be achieved through a contract under the already established IAEA technical cooperation regional project. This contract would be among the proposed Russian air freighter, IAEA and VAEC.

17. (SBU) The USG delegation further explained that in order to proceed with the repatriation of Russian-origin spent HEU fuel, it would be necessary to negotiate and sign the "Agreement between the Government of the United States of America and the Government of the Socialist Republic of Vietnam to Facilitate the Provision of Assistance for

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Nonproliferation Purposes" (a Government-to-Government Agreement or GTGA) as well as the "Agreement between the Department of Energy of the United States of America and the Ministry of Science and Technology of the Socialist Republic of Vietnam Concerning Cooperation in the Area of Prevention of Proliferation of Nuclear Materials and Technologies" (the Implementing Agreement or IA). Vice Minister Thang requested that the USG officially transmit the texts of the GTGA and IA to Vietnam's MFA.

18. (SBU) Representatives from DNRI explained that in order to ensure uninterrupted operation of the Dalat research reactor, the reactor will need to refuel in September 2006. In order to avoid reloading the reactor with fresh HEU fuel assemblies from the inventory at the reactor site, both sides agreed to an implementation schedule that calls for the delivery of replacement LEU fuel in September 2006 to the reactor and the removal of the fresh HEU inventory within five days after the LEU fuel has been delivered. Fuel inspection, loading of eight fuel assemblies, and testing should be completed within these five days. MOST representatives indicated that if the replacement LEU fuel does not meet technical criteria, MOST will retain the fresh HEU inventory. Both sides agreed to proceed with the understanding that full implementation of this schedule is contingent upon approval by the Prime Minister.

19. (SBU) The two sides agreed to begin negotiating the necessary contracts for fuel supply and removal in advance of the Prime Minister's decision. The contracts will be signed once the Prime Minister has accepted the USG proposal. At the same time, MOST agreed that it would propose to the Office of the Government that the MFA be designated the focal point for negotiation of the GTGA and that MOST be designated for focal point for negotiations of the IA. Both sides agreed that these negotiations would be

undertaken in parallel to the conversion program activities. No preparations for spent fuel removal will be undertaken until after the GTGA and IA are concluded.

¶10. (SBU) The two sides agreed on the following list of actions: a) preliminary implementation schedule for supply of replacement fresh LEU fuel and removal of fresh HEU fuel has been discussed and agreed providing for delivery of replacement LEU fuel and removal of fresh HEU fuel in September 2006; b) conduct a technical meeting in Dalat, Vietnam in early May 2006; c) the fuel fabrication and transportation contracts will be negotiated in advance of the Prime Minister's decision so that they may be signed as soon as the Prime Minister issues his decision.

¶11. (SBU) The two sides agreed that negotiations of the GTGA and IA should proceed in parallel to the conversion program work and that the USG will re-transmit the text of the GTGA and IA officially to MFA as soon as possible.

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